

# GENESIS MANAGEMENT CONSULTING

*“Improving lives through better decisions”*

## The impact of trust on decision-making

I recently read an excellent book called “The Speed of Trust” by Stephen Covey. Admittedly I was initially sceptical. This Stephen Covey is the son of the author of “The 7 Habits of Highly Effective People” and I thought he was probably going to be simply trying to benefit from his fathers brand. In addition, although I am a great fan of Stephen Covey, I am not sure how many more books about perfect people and leaders I can stand before I give away my Ferrari , cast away from business life and become a Himalayan Monk (apologies to Robin Sharma here – and “No”, I do not really have a Ferrari to sell!).



Having said that, I was pleasantly surprised to find an easily readable book with much original thought. Many of the concepts are what could be termed as “sub-consciously intuitive” in that when we consider them, they feel “right” but we realise that we had never actually looked at the topic in this way before. It would be impossible (and not do justice) to summarise the book here, but the main concepts are:

*Trust is a critical element of professional and personal life. If you have it in a relationship, value can be created through lower costs and higher speed.*

*Trust can be “managed” if we better understand the components (although obviously not in a manipulative, underhand way).*

*Trust is built on two components: character AND competence. Each one of those can be broken down into two further elements:*

*Character: Integrity and Intent*

*Competence: Capabilities and Results*

*These basic elements of trust are supported through 13 behaviours (admittedly, here Stephen Jr. borrows a little from his Dad!):*

*Talk straight*

*Demonstrate respect*

*Create transparency*

*Right wrongs*

*Show loyalty*

*Deliver results*

*Get better*

*Confront reality*

*Clarify expectations*

*Practice accountability*

*Listen first*

*Keep commitments*

*Extend trust*

As stated, there is far more in the book – definitions, examples, stories, etc. – and it is shown how we can develop and nurture trust at a variety of levels: self-trust, relationship-trust, organisation-trust, market trust and societal trust. We would strongly recommend reading it to truly understand the concepts. It has power at both a personal and a professional level.

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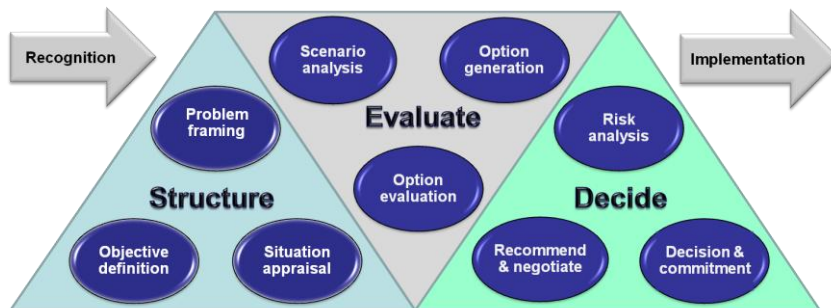
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## **Trust and decision-making**

But what has this to do with decision-making? We believe that given consideration to the four elements of trust through the whole decision-making process can significantly improve the process AND the outcome. There are many different types of strategic decision, but I will use a classic example to demonstrate the point: the decision to make an acquisition.

The **Genesis decision-making process** has a number of steps (illustrated below):



At each one of the main stages, it does not require much imagination to understand how, by consciously overlaying the 4 concepts of integrity, intent, performance and results that one would be able to enhance the process.

For instance, in the structuring phase, given due consideration to the real intent of a potential acquisition could help to remove (or surface) some of the less desirable motivations such as: running a larger organisation can result in a larger income for the CEO. An additional example would be in the evaluation phase where having confidence in the data put forward (for instance in the due diligence) could greatly accelerate this timely and expensive process. This can only happen when there is already a level of trust between buyer and seller. This may sound naïve, but the book gives several examples of (among others) Warren Buffet's acquisitions and the power of the trust that surrounds that man.

However, for us one of the most potentially powerful areas for trust to play a critical role is in implementation of the acquisition. There is a mountain of research that shows the number of mergers that fail through difficult post-merger integration. And this is a time in the lives of the members of both organisations where the levels of trust are at an all-time low.

There are many good reasons for this – including the fact that often the underlying agenda's of many players are unknown, the history of personal relationships is usually limited and rumours abound. It would be an excellent time for both organisations, especially the acquirer, to have a long hard look at the underlying components and the necessary supporting behaviours; and then initiate a programme to consciously build trust at personal and organisational levels.

We hope this slightly simplistic example has demonstrated how, by focussing on trust, it is possible to enhance the process and implementation of making strategic decisions.



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